GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:366
ANSWERED ON:22.08.2005
FOREIGN INVESTMENT IN AGRICULTURE SECTOR
Barad Shri Jashubhai Dhanabhai

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Government has invited foreign investment in agriculture and food sectors in India, particularly in the areas like export/import of advanced agricultural technologies and agricultural produce;

(b) if so, the extent of investments in these fields during the last three years especially from Malaysia;

(c) the ratio of distribution of these funds, State-wise;

(d) whether any assessment has been made about the impact of such foreign investments; and

(e) if so, the details thereof?

Answer

MINISTER OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 366 DUE FOR REPLY ON 22ND AUGUST, 2005.

(a) to (e): Government has put in place a liberal and transparent Foreign Direct Investment (FDI) policy. Most of the sectors have been placed under the automatic route. FDI is prohibited in the Agriculture Sector except tea plantations. However, FDI up to 100% is allowed on the automatic route in the food processing sector. For promoting technological capability in Indian industry, acquisition of foreign technology is encouraged through foreign technology collaboration agreements. Induction of know-how through such agreements is permitted either through the automatic route or with prior approval of the Government.

Approvals in respect of FDI from Malaysia in Agriculture & Allied sectors for the period January, 2002 to May, 2005 are at Annexure I and similar FDI approvals from other countries for the period are at Annexure-II.

The data relating to State-wise distribution of FDI (including agriculture and allied sectors) approvals during the last three years is at Annexure-III. No impact assessment of FDI in agriculture has been carried out by the Government.

Annexure-I

FDI Approvals from Malaysia in Agriculture & Allied Sectors

(January, 2002 – May, 2005)

S.No.	Sector	No. of proposals approved	Amount of FDI approved (Rs. in Crores)
1	Food Processing	2	0.06
2	Vegetable Oils & Vanaspati	6	20.15
3	Rubber Goods	5	0.90
4	Timber Products	1	0.92
5	Tea/Coffee	1	0.01
	Total	15	22.04

Annexure-II

Total FDI Approved in Agriculture & Allied Sectors- All countries

(January, 2002 – May, 2005)

S.No.	Sector	No. of proposals approved	Amount of FDI approved (Rs. in crores)
1	Agriculture Machinery	3	6.63
2	Sugar	5	9.87
3	Fermentation Industry	17	799.74
4	Food Processing	117	643.49
5	Vegetable Oil & Vanaspati	26	80.96
6	Timber products	10	4.60
7	Horticulture	9	90.34
8	Agriculture (Seed & Plantation)	35	169.59
9	Floriculture	4	2.10
10	Tea/Coffee	5	2.81
11	Rubber Goods	40	220.27
	Total	271	2020.4